

C O N T E N T S

UNIT-1: INTRODUCTION

1.1 CONCEPTS AND VARIABLES OF MACRO ECONOMICS

Introduction; Meaning of Macro Economics; Definition Of Macro Economics; Variables Of Macro Economics; Gross Domestic Product; Gdp And Economic Growth ; National Income Accounts; Scope And Importance Of Macroeconomics; Limitations Of Macroeconomics; Difference Between Microeconomics And Macroeconomics; Dependence Of Microeconomic Theory On Macroeconomics; Summary; Questions.

1.2 CIRCULAR FLOW OF INCOME

Introduction; Meaning; Definition of 'Circular Flow of Income; Households; Firms; Factor incomes; Production function; Types of Models; Significance of the Study of Circular Flow of Income; Summary; Questions.

1.3 STATIC MACRO ECONOMIC ANALYSIS SHORT AND THE LONG RUN

Introduction; Definitions; Summary; Questions.

1.4 THE DETERMINATION OF DEMAND AND SUPPLY

Introduction; Summary; Questions.

UNIT-II: ECONOMY IN THE SHORT RUN

2. THE IS-LM FRAME WORK: GENERAL EQUILIBRIUM OF PRODUCT AND MONEY MARKET

Introduction; The Product Market Equilibrium: The Investment Saving Curve (IS); The Money Market Equilibrium: LM Curve; Effects of Changes In Monetary Policy; Effects of Changes In Fiscal Policy; Summary; Questions.

3. MONETARY POLICY

Introduction; Objectives of Monetary Policy; Instruments of Monetary Policy; Expansionary Monetary Policy; Restrictive Monetary Policy;

4. FISCAL POLICY

Introduction; Instruments of Fiscal Policy; Balanced Budget; Crowding out and Fiscal Policy; Main Objectives of Fiscal Policy; Fiscal Policy in Developing Country; Limitations of Fiscal Policy; Summary; Questions.

5. AGGREGATE DEMAND AND AGGREGATE SUPPLY

Introduction; Aggregate Supply; Aggregate Supply Function; Importance of Effective Demand; Summary; Questions.

UNIT - III: INFLATION AND UNEMPLOYMENT

6. INFLATION

Introduction; Meaning of Inflation; Types of Inflation; Demand –Pull Inflation; Cost – Push Inflation; Causes of increasing Inflation; Measures to Control Inflation; Effects of Inflation; Social Cost of Inflation; Summary; Questions.

7. UNEMPLOYMENT

Introduction; The Unemployment pool; Natural Rate of Unemployment; Policies of Reduce Natural Rate of Unemployment; Structural Unemployment; Frictional Unemployment; Wait Unemployment; Summary; Questions.

8. TRADE-OFF BETWEEN INFLATION AND UNEMPLOYMENT

Introduction; Phillip Curve in Economics the Relation between Unemployment and Inflation; Friedmans View : The Long-run phillip Curve; Tobins, View; Summary; Questions.

UNIT IV: OPEN ECONOMY

9. STOCK OF CAPITAL AND FLOW OF INVESTMENT

Introduction; Effect of Policies on Trade Balance in a small Open Economy, Exchange Rates; Summary; Questions.

10. STOCK OF CAPITAL AND FLOW OF INVESTMENT

Introduction; Features of a Large open Economy; Effects of Policies on Real Exchange Rate and Net Exports; Summary; Questions.

11. THE MUNDELL-FLEMING MODEL:

A SHORT-RUN MODEL OF THE SMALL OPEN ECONOMY

Introduction; Features of Mundell – Fleming Model; IS Curve: The Market for goods and services; LM Curve: The Market for Money; The IS Curve: In an Open Economy ; The LM Curve in an Open Economy; Determination of Equilibrium Exchange Rate and Income Level; Exchange Rate Systems; Effect of Policy on Mundell-Fleming Model Under Flexible Exchange rate system in a Small Open Economy ; Effect of Policy on Mundell-Fleming Model under Fixed Exchange Rates in a Small Open Economy; Effect of Policy; Effect of Exchanging Price Level in the Mundell – Fleming Model: The Short-Run and The Long – Run Equilibria in a Small Open Economy; Short-Run IS-LM Model of a Large Open Economy ; Conclusion; Summary; Questions.

UNIT V : BEHAVIORAL FOUNDATIONS

12. STOCK OF CAPITAL AND FLOW OF INVESTMENT

Introduction; The Determinants of Investment; Investment and Its Sub-Sectors; Summary; Questions.

13. DEMAND FOR MONEY

Introduction; Transaction Motives; Precautionary Demand & Money; Speculative Demand & Money; Theories of Demand for Money

Tobin's Portfolio Balance Approach Demand for Money; Baul Model – Tobin Model of Cash Management; The THE Transaction Demand for Money; Interest and Income Elasticity of Demand for Real Balances; Money and Near money Assets.; Summary; Questions.

14. SUPPLY OF MONEY

Introduction; Monetary Aggregates; Determinants of Money Supply ; Instruments of Monetary Policy; Importance of Money Supply; Summary; Questions.

BASIC MACRO ECONOMIC TERMINOLOGY

REFERENCES